

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6123
ANSWERED ON:27.04.2001
P.K. KAUL COMMITTEE ON MUTUAL FUNDS
SHEESH RAM SINGH RAVI

Will the Minister of FINANCE be pleased to state:

- (a) whether the recommendations submitted by P.K. Kaul Committee for the trustees Mutual Funds to discharge their responsibility effectively have been accepted by SEBI;
- (b) if so, the details of recommendations made therein;
- (c) its impact on investors;
- (d) whether it is also a fact that a Committee was constituted by SEBI for giving its recommendations on security laws; and
- (e) if so, the details thereof and the action taken on those recommendations by SEBI?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (BALASAHEB VIKHE PATIL)

- (a) Yes, Sir.
- (b) A Committee constituted by the Securities & Exchange Board of India (SEBI) under the chairmanship of Shri P.K.Kaul recommended, inter alia, that Asset Management Companies (AMCs) should provide infrastructure support to trustees of mutual funds; trustees should have a separate administrative set up to discharge their duties or should appoint independent auditors; detailed procedures were laid down for exercise of due diligence by trustees; a minimum of four meetings of the trustees should be held in a year.
- (c) The implementation of the recommendations has enabled trustees of mutual funds to discharge their duties more effectively. This would enhance the confidence of investors in the functioning of mutual funds.
- (d) Yes, Sir.
- (e) A Committee constituted by SEBI under the Chairmanship of Justice D.R. Dhanuka, recommended, inter alia, that SEBI should be the regulatory agency for regulating the securities market and in relation to certain provisions of the Companies Act. Some of the recommendations of the Committee have been given effect by suitable amendments through the Securities Laws (Amendment) Act, 1999, Securities Laws (Second Amendment) Act, 1999 and the Companies (Amendment) Act, 2000.